

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-02 PRS-01 USIA-15 CIAE-00 COME-00

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R 031400Z NOV 75

FM AMCONSUL MILAN

TO AMEMBASSY ROME

INFO AMCONSUL GENOA

SECSTATE WASHDC 4349

UNCLAS MILAN 2037

E.O. 11652: N/A

TAGS: BBAK, ELAB, IT

SUBJECT: INTERNATIONAL PAPER COMPANY LAYOFFS

REF GENOA 531, GENOA 532

1. ON 10-31-75, CONGEN MILAN TELEPHONED  
CONGEN GENOA AND AGREED TO TRANSMIT SUBSTANCE OF  
LETTER FROM THE PRESIDENT OF GENOA PROVINCE TO CONGEN  
GENOA, CONCERNING IPCO LAYOFFS AT SERRA RICCO PLANT,  
TO IPCO MANAGEMENT IN MILAN.

2. CONGEN CONTACTED HENRY SIMMONS, MANAGING DIRECTOR,  
IPCO, IVA NICOLA PICCINNI 2, MILAN. HE EXPRESSED  
GRATITUDE FOR INTEREST ON PART OF CONSULATES AND ADDED  
THAT SERRA RICCO PLANT, WHICH PRODUCES CORRUGATED  
PAPER PRODUCTS FOR THE CONTAINER INDUSTRY, HAS BEEN  
OPERATING AT A LOSS FOR SOME TIME BECAUSE OF DROP IN  
DEMAND. IN ORDER TO BRING LOSS UNDER CONTROL, IT WAS  
NECESSARY TO REDUCE PAYROLL. COMPANY CONTACTED NATIONAL  
LEADERSHIP OF UNION REPRESENTING PLANT TO ADVISE THEM  
OF SITUATION. AT FIRST, THEY HOPED THAT STAFF COULD BE  
PARED DOWN BY NORMAL ATTRITION, OR, BETTER STILL, THAT  
DEMAND WOULD IMPROVE SO THAT NO REDUCTION WOULD BE  
NECESSARY. AS A MEANS OF GAINING TIME, TO SEE HOW  
SITUATION WOULD DEVELOP, 36 WORKERS WERE PLACED IN  
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CASSAD D'INTEGRAZIONE (WAGE SUPPLEMENT SCHEME) AT A

ZERO HOURS WORKWEEK. THIS GAMBIT WAS USED FOR SIX MONTHS, DURING WHICH TIME NUMBER OF REDUNDANT WORKERS REDUCED TO 24 BY NORMAL ATTRITION. AT END OF THIS SIX MONTH PERIOD, IT WAS DETERMINED THAT A) DEMAND WAS NOT GOING TO INCREASE SUFFICIENTLY WITHIN THE FORESEEABLE FUTURE TO MAINTAIN THEN EXISTING STAFFING LEVEL AND B) PLANT COULD NOT CONTINUE TO BEAR COSTS OF KEEPING 24 WORKERS IN THE CASSA AT ZERO HOURS. ACCORDINGLY, THE 24 WERE LAID OFF.

3. SIMMONS SAID THAT LAYOFFS WILL BRING LOSSES OF PLANT DOWN TO POINT THAT REMAINING JOBS WILL BE SECURE. COMPANY INTENDS TO CONTINUE OPERATION OF PLANT AT CURRENT STAFFING LEVEL. HE ASKED CONGEN TO CONVEY THIS INFORMATION TO LOCAL AUTHORITIES.

4. CONGEN CALLED GENOA AFTER THIS MEETING AND RELAYED GIST OF CONVERSATION WHICH WE BELIEVE SHOULD BE TRANSMITTED TO PRESIDENT OF PROVINCE.FINA

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## Message Attributes

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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
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